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# DRONESHIELD LIMITED

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Equity Analysis (19 March 2025)



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# DroneShield Limited (ASX: DRO)

## Equity Analysis

(19 March 2025)



Mission to Empower Investors

### Introduction

DroneShield Limited engages in the development, commercialization, and sale of hardware and software technology for drone detection and security in Australia and the United States. It offers DroneGun Tactical, a portable rifle shape drone disruptor, causing the drone to safely land, or fly back to the starting point; DroneGun Mk4, a rugged handheld counter-unmanned aircraft system (UAS) effector; DroneGun Mk3, a pistol shaped compact drone disruptor; RfPatrol Mk2, a wearable AI-enabled multi-mission detection tool; DroneSentry-X.

Recommendation	Hold	
Risk Profile	High	
Current Market Price (AU\$)	1.145	
52 Week Low-High (AU\$)	0.585 - 2.720	
Market Capitalisation (AU\$)	911.36 million	
Outstanding Shares	872.12 million	
PE (TTM)	-	
EPS (AU\$) (TTM)	-0.002	
Dividend Yield/Frinking	-	
Ex-Date/Pay-Date	-	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	12.1x	7.1x
EV/EBITDA (LTM)/(FY-1)	-	39.9x
Price/Book Value (LTM)/(FY-1)	2.9x	-

### Performance Chart



### Operating Performance



Source: Company Reports, Chart Prepared by Kapitales Research

- Total revenue of the company in FY24 is AU\$58.01 million compared to AU\$54.20 million in FY23.
- In FY24, the company's net loss was AU\$1.32 million compared to a net profit of AU\$9.34 million in FY23.
- Cash used in operating activities was AU\$62.20 million in FY24 compared to cash provided AU\$9.48 million in FY23.
- Cash used in investing activities was AU\$165.26 million in FY24 compared to AU\$1.95 million in FY23.
- Cash provided from financing activities was AU\$231.89 million in FY24 compared to AU\$39.11 million in FY23.

### Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kapitales Research

### Compared to FY23, in FY24:

- Total assets increased by 266.69% to AU\$355.88 million.
- Total liabilities increased by 96.51% to AU\$44.29 million.
- Cash and Cash Equivalents increased by 10.45% to AU\$62.62 million.
- Total Debt increased by 246.39% to AU\$9.11 million.

**Ratio Analysis**

Fiscal Years	FY2020	FY2021	FY2022	FY2023	FY2024
Return on Assets (ROA) %	-24.04%	-19.52%	-8.87%	2.77%	-3.59%
Return On Equity %	-44.72%	-30.20%	-5.49%	19.97%	-0.68%
Return on Total Capital (ROTC) %	-28.74%	-22.55%	-10.89%	3.50%	-4.09%
EBITDA Margin %	-103.93%	-57.43%	-16.26%	6.81%	-18.38%
Gross Profit Margin %	67.13%	73.12%	70.53%	72.07%	71.93%
Net Income Margin %	-105.56%	-50.11%	-5.62%	17.22%	-2.28%
Asset Turnover	0.3	0.5	0.8	0.9	0.3
Days Outstanding Inventory (Avg)	274.9	572.3	390.6	269	-
Current Ratio	6.7	6.5	3.6	6.3	11.4
Days Sales Outstanding (Average Receivables)	107.8	50.4	74.4	29	66.3
Days Payable Outstanding (Avg)	75.2	32.1	106.1	24.7	16.1
Cash Conversion Cycle (Average Days)	307.4	590.6	358.9	273.4	1008.3

Source: Koyfin, Chart Prepared by Kapitales Research

**Recent Updates**

On 29 January 2025, DroneShield Ltd has secured three contracts totaling AU\$11.8 million from an in-country reseller for a military customer in the Asia Pacific region to counter the Chinese drone threat. All equipment is expected to be delivered in the first quarter of 2025, with full payment received. This follows four previous standalone contracts from the same reseller between May and September 2024, totaling approximately AU\$500,000. CEO Oleg Vornik emphasized the company's rapid expansion to meet demand across multiple regions, highlighting the success of DroneShield's products in addressing modern defense challenges for global military customers.

**Outlook**

DroneShield Ltd achieved record revenue of AU\$57.5 million in FY2024, continuing its year-on-year growth trend. The company has solidified its global presence, with 91% of revenue generated offshore. Cash receipts totaled AU\$56.9 million, and a transformational AU\$235 million capital raise has positioned DroneShield for continued expansion, R&D investment, and inventory management. The company ended the year with a strong cash balance of AU\$221 million and an active sales pipeline of AU\$1.2 billion for FY2025–26.

Despite a slower growth rate in FY2024 due to extended procurement processes and approvals, DroneShield diversified its customer base, reducing reliance on large contracts. The company is scaling mass production, particularly for DroneSentry-X Mk2, and expanding its Australian operations. With significant opportunities in the U.S. market and the Australian LAND156 defense program, DroneShield remains at the forefront of counter-drone technology, aligning with increasing global defense spending.

**Risks**

The company has exposure to the following risks-

- Market Competition
- Consumer preference risk
- Operational risk
- Technological Advancements

## DroneShield Limited (ASX: DRO)

### Equity Analysis

(19 March 2025)

#### Valuation

Relative Valuation Based on EV/EBITDA Multiple	
DroneShield Limited	DRO
EBITDA (FY25E AU\$m)	18.00
EV/EBITDA Multiple (NTM) (Peer Mean) (approx)	65.33
Implied EV (AU\$ mn)	1,176.00
Cash (AU\$ mn)	62.62
Debt (AU\$ mn)	9.11
Minority Interest (AU\$ mn)	-
Implied Market Cap (AU\$ mn)	1,229.51
Shares Outstanding (million)	872.12
Target Share Price (AU\$)	1.410
Current Market Price (AU\$) (19 March 2025)	1.145
Rating	Hold

Source: Koyfin, Analysis by Kapitales Research

#### Technical Analysis



Source: TradingView, Analysis by Kapitales Research

Company Name	Ticker	Sector	CMP (AU\$)	Advisory Date	Rating	Target 1 (AU\$)	Target 2 (AU\$)	Stop Loss (AU\$)
DroneShield Limited	DRO	Industrials	1.145	19 March 2025	Hold	1.280	1.420	1.020

The stock of aerospace and defense company DRO settled at AU\$1.145 on 19 March 2025 after a gain of nearly 9.56% from previous day's closing. It is currently trading between its 52-week price levels.

The stock is trading above the significant exponential moving averages (EMA) of 20, 100 and 200 weeks on a weekly time frame, indicating bullishness for the midterm.

RSI (14 weeks) is at 62, holding a bullish momentum in the index.

***Based on these facts, investors are advice to hold the stock at the current market price (CMP) level for the potential targets of AU\$1.280 (central pivot) and AU\$1.420 (previous swing resistance) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).***

***Investors are advised to keep a strict stop loss at or below AU\$1.020 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.***

***Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.***

### Investment Summary

DRO presents a promising investment opportunity driven by its innovative counter-drone technologies and growing global presence. Additionally, its focus on intellectual property protection and advanced product offerings provides a competitive edge in the rapidly growing counter-drone market. The company reported AU\$57.5 million in revenue for FY2024, continuing its year-over-year growth, with 91% of sales generated from international markets. DroneShield raised AU\$235 million in new capital, significantly strengthening its balance sheet and ensuring it has the resources to support future expansion, research, and large-scale production.

The company has a strong pipeline of AU\$1.2 billion in active projects and maintains AU\$221 million in cash reserves, positioning it for sustained growth. With growing demand from military, border security, and critical infrastructure sectors, DroneShield is well-positioned for long-term success, supported by key U.S. and Australian defense partnerships, including the LAND156 program and AUKUS agreements.

Considering all the above factors and the current trading level, we recommend a "Hold" rating on the stock at the current market price of AU\$1.145 as of 19 March 2025 (after-market hours).

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*Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e. Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.*

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